

Message Text

CONFIDENTIAL

PAGE 01 JAKART 11034 180851Z
ACTION EA-10

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AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMEMBASSY SINGAPORE
AMCONSUL MEDAN
AMCONSUL SURABAYA
CINCPAC

C O N F I D E N T I A L JAKARTA 11034

CINCPAC ALSO FOR POLAD

E.O. 1152: GDS
TAGS: PINT, ECON, ID, PGOV
SUBJECT: PRESIDENT SUHARTO'S STATE ADDRESS

1. IN ANNUAL STATE ADDRESS DELIVERED AUGUST 16 AT
OEPNING SESSION OF PARLIAMENT, PRESIDENT SUHARTO SOUNDED A
MORE POSITIVE NOTE THAN IN 1976, SPENDING MORE TIME ON
GOI SUCCESSES AND LESS ON PROBLEMS AND SHORTCOMINGS. HE
DECLARED ELECTIONS TO BE SUCCESSFUL, DEFENDED ECONOMIC
POLICIES AGAINST CRITICISMS, REAFFIRMED SCHEDULE FOR
RELEASING POLITICAL DETAINEES, AND ANNOUNCED AMNESTY FOR
FRETELIN RALLIERS UNTIL DECEMBER 31. SUMMARY OF SPEECH
FOLLOWS. TEXT BEING POUCHED TO EA/TIMBS.

2. IN GESTURE TO MOSLEMS, PRESIDENT SUHARTO OEPNED 1977
STATE ADDRESS WITH LONG DISCUSSION OF SIGNIFICANCE OF
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 JAKART 11034 180851Z

MOSLEM FASTING MONTH OF RAMADAN WHICH HAD JUST STARTED AND
THE NEED TO PRACTICE MOSLEM VIRTUES AND SERVE GOD.

3. PRESIDENT DECLARED THAT THE 1977 GENERAL ELECTIONS HAD
BEEN SUCCESSFUL AND ORDERLY, ALTHOUGH A FEW VIOLATIONS HAD BEEN
COMMITTED. HE OBSERVED THAT COMPLETION OF FIVE-YEAR
ELECTION CYCLE WAS MAJOR ACCOMPLISHMENT OF NEW ORDER.

IN ANSWER TO A PREVIOUS REQUEST BY SOME POLITICIANS THAT HE RENDER AN OFFICIAL ACCOUNT TO MPR, HE POINTED OUT THAT IT WOULD ONLY BE PROPER FOR HIM TO GIVE SUCH ACCOUNT TO NEW MPR WHICH WILL BE CONVENED IN MARCH 1978.

4. NOW THAT ELECTIONS WERE OVER, SAID SUHARTO, THERE IS A NEED FOR NATIONAL UNITY AND THE MINIMIZING OF DIFFERENCES. HE OBSERVED THAT ONLY PANCASILA DEMOCRACY WAS SUITABLE FOR INDONESIA, SINCE NO FOREIGN FORMS OF GOVERNMENT WERE APPLICABLE HERE. SUHARTO CAUSED A MILD REACTION AND EXCHANGE OF COMMENTS AMONG HIS AUDIENCE WHEN HE NOTED THAT CRITICS OF THE GOVERNMENT AMONG THE PRESS MUST EXERCISE RESPONSIBILITY, AND IF THEY HAVE ANY ULTERIOR MOTIVES, THE GOVERNMENT MUST ENSURE THEM.

5. IN A MAJOR SECTION OF THE SPEECH PRESIDENT SUHARTO DETAILED THE ECONOMIC PROGRESS ACHIEVED IN RECENT YEARS, POINTING OUT INCREASES IN VARIOUS CATEGORIES OF INDUSTRIAL PRODUCTION AS WELL IN AGRICULTURE. HE NOTED THAT THE GOVERNMENT BUDGET IS NOW 14 TIMES GREATER THAN IT WAS IN 1969, INDICATING THAT THE NATIONAL ECONOMY TRULY PROGRESSED. HE AGAIN RESPONDED TO CONTINUED CRITICISM OF HIS GOVERNMENT FOR FAILING TO ASSURE THAT THE FRUITS OF ECONOMIC DEVELOPMENT WERE EQUITABLY DISTRIBUTED AMONG ALL CLASSES OF SOCIETY, AND CITED STATISTICS WHICH SHOWED A 125 PERCENT INCREASE IN PER CAPITA INCOME DURING THE LAST
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 JAKART 11034 180851Z

10 YEARS AND THAT FEWER POEPOLE ARE NO LIVING BELOW THE POVERTY LEVEL. IN 1967, HE SAID, NINE OUT OF 10 INDONESIANS WERE BELOW THE POVERTY LEVEL; IN 1976 ONLY THREE OF 10 WERE BELOW THAT LEVEL; AND BY THE END OF REPELITA III NO ONE SHOULD BE LEFT IN THAT CATEGORY. IN ADDITION, THE PRESIDENT ANNOUNCED THAT PREPARTIONS WERE UNDER WAY FOR THE ESTABLISHMENT OF A SOCIAL SECURITY SYSTEM FOR WORKERS IN COMAPNIES EMPLOYING 100 PERSONS OR MORE. HOPEFULLY, HE SAID, THIS COULD BEGIN ON JANUARY 1, 1978.

6. SUHARTO ANSWERED YET ANOTHER PERSISTENT CRITICISM AS HE STATED EMPHATICALLY THAT REPAYMENT OF FOREIGN LOANS IS NOT AN UNDUE BURDEN ON ONDONESIA'S ECONOMY AND WILL NOT UNDULY BURDEN FUTURE GENERATIONS. HE ALSO DETAILED MEASURES TAKEN BY THE GOVERNMENT TO COPE WITH THE PROBLEM OF PERTAMINA'S DEBTS. SUHARTO REASSERTED HIS GOVERNMENT'S POSITION THAT FOREIGN INVESTMENT IS DESIRABLE AND BENEFICIAL BUT IT NEED NOT MAKE INDONESIANS FEEL INFERIOR, AND NEITHER FOREIGN LOANS NOR FOREIGN INVESTMENT WOULD BE ALLOWED TO RESTRICT IN ANY WAY INDONESIA'S POLITICAL INDEPENDENCE.

7. THE PRESIDENT REFERRED TO THE RECENT SERIES OF DIALOGUES BETWEEN SENIOR GOVERNMENT OFFICIALS AND STUDENTS WHICH HAVE

BEEN LESS THAN NOTABLY SUCCESSFUL SO FAR, AND STATED THAT SUCH DIALOGUES ARE SUSEFUL IF THERE IS GOOD WILL ON BOTH SIDES BUT THE GOVERNMENT WOULD HAVE TO TAKE A FIRM STAND WITH THE MINORITY OF STUDENTS WHO HAVE ADOPTED A PREJUDICED ATTITUDE TOWARDS THE GOVERNMENT.

8. PRESIDENT SUHARTO REAFFIRMED THE GOVERNMENT'S ANNOUNCED LANS FOR TRIAL OR RELEASE OF POLITICAL DETAINEES HELD IN CONNECTION WITH THE 1963 ATTEMPTED COMMUNIST COUP. HE REITERATED ALL CASES OF CATEGORY A DETAINNES WOULD BE SETTLED IN 1978 AT THE LATEST, WHILE CATEGORY B DETAINEES WILL BE RELEASED AT THE RATE OF 10,000 IN 1977, 10,000 IN 1978, AND THE REMAINDER IN 1979.

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 JAKART 11034 180851Z

9. THE PRESIDENT DEVOTED LESS TIME TO THE TIMOR SITUATION THIS YEAR THAN IN 1976 BUT NOTED THAT EAST TIMOR WAS BEING SUCCESSFULLY INTEGRATED INTO INDONESIA. HE ALSO ANNOUNCED THAT AMNESTY WOULD BE GIVEN TO FRETELIN RALLIERS WHO SURRENDERED BEFORE DECEMBER 31, 1977. THIS AMNEST HAS REPORTEDLY BEEN IN EFFECT FOR SEVERAL MONTHS BUT HAD NOT PREVIOUSLY BEEN PUBLICLY ANNOUNCED IN JAKARTA.

10. WHEREAS THE 1976 STATE ADDRESS DEVOTED CONSIDERABLE TIME TO THE PROBLEM OF CORRUPTION IN GOVERNMENT, A PERENNIAL TOPIC OF CRITICISM FROM THE PRESS AND OPPOSITION POLITICANS, PRESIDENT SUHARTO THIS YEAR CONFINED HIS REMARKS TO A BRIEF CONDEMNATION OF ILLEGAL LEVIES AND AN INJUNCTION TO ALL GOVERNMENT OFFICIALS TO SEE THAT THESE WERE STAMPED OUT. HERE AGAIN MANY MAMBERS OF HIS AUDIENCE EXCHANGED GLANCES AND WHISPERED COMMENTS.

11. PRESIDENT SUHARTO CLOSED THE SUBSTANTIVE PORTION OF HIS SPEECH BY EXPRESSING SUPPORT FOR THE FOUNDATION OF A NEW INTERNATIONAL ECONOMIC ORDER AND FURTHER ACTIVITIES OF BOTH ASEAN AND OPEC. HE NOTED THAT INDONESIA'S ARCHIPELAGO PRINCIPLE HAS BEEN GAINING WIDER ACCEPTANCE RECENTLY IN INTERNATIONAL CIRCLES.

12. ADDRESS WAS GIVEN WIDE PUBLICITY IN JAKARTA PRESS WITH PARTICULAR EMPHASIS IN HEADLINE TREATMENT GIVEN TO DECREASE IN NUMBER OF PEOPLE LIVING BELOW POVERTY LEVEL AND TO AMNESTY TO FRETELIN RALLIERS. DEFENSE MINISTER PANGGABEAN WAS QUOTED BY PRESS AUGUST 18 AS SAYING THAT AMNESTY WOULD APPLY TO THOSE FRETELIN MEMBERS ALREADY IN INDONESIAN CUSTODY AS WELL.
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